



UTAH HANDBOOK
FOR
ELECTRONIC FILERS
OF
INDIVIDUAL INCOME TAX RETURNS
(TAX YEAR 2003)

UTAH STATE TAX COMMISSION
November 1, 2003

INTRODUCTION

In 1993, the Utah State Tax Commission began a research project with the Internal Revenue Service wherein certain state and federal Individual Income Tax returns could be electronically transmitted to and jointly filed with the IRS. The purpose of this Federal/State Electronic Filing Program and research project was to provide a practical way in which to investigate the feasibility, in terms of acceptability and cost effectiveness, of a more automated system for tax filing. During this tightly controlled and very limited research project, only full year Utah resident, individual income tax returns with refund due were accepted electronically; and, participation was by invitation only. During 1994, for tax year 1993 returns, this test program was offered statewide to all Utah taxpayers filing returns that met the test criteria. In 2004, for tax year 2003 returns, the program will continue for all full year residents with returns with a refund due or a balance due or a zero balance return. For the tax year 2003, the USTC will be accepting both part-year and non-resident tax returns electronically.

The Internal Revenue Service has a well-established and on-going system for electronically filing certain federal individual income tax returns; and, the Federal/State Electronic Filing Program has been structured as an enhancement to this system. Participation in the Utah program will require applicants first to gain acceptance into the federal program. Internal Revenue Service Publication 1345, *Handbook For Electronic Filers of Individual Income Tax Returns (Tax Year 2003)*, describes the application and acceptance procedures, and informs participants in the federal program of their specific obligations.

This *Utah Handbook for Electronic Filers of Individual Income Tax Returns (Tax Year 2003)* documents the requirements that are unique to the Utah electronic filing program; and it supplements and is to be used in conjunction with IRS publication 1345. The same chapter format and content as the IRS Publication has been used in structuring the *Utah Handbook*. Since most functions in the Utah program draw upon or are very similar to the IRS program, only those features that are unique for Utah, or where additional information appears necessary, have been specified. All provisions in the federal program are in effect for the Utah program; and, participation in the Utah program shall be in accordance with the requirements set forth in both publications.

Those who desire to participate in the Utah program are advised to study and become familiar with IRS Publication 1345 prior to reading this *Utah Handbook*.

CALENDAR

Electronic Filing Of Utah Individual Income Tax Returns

(Tax Period January 1, 2003 through December 31, 2003)

(Dates Subject to Change)

Begin IRS/Utah Acceptance Testing	November 20, 2003*
Last Start Day for Software Developer Test	December 31, 2003**
Begin Transmitting Live Federal/Utah Returns	January 16, 2004
Last Day for Timely Transmission of Utah Electronic Returns	April 15, 2004
Last Day for Extended Filing of Electronic Returns	October 15, 2004

* Tentative Date

** Date shown is the latest date to begin testing Federal PATS with the IRS.

CONTACTS

Utah State Tax Commission

Federal/State Electronic Filing Assistance:

Utah Electronic Filing Coordinator	801/297-7575
Software and Transmitter Testing	801/297-7575
Technical Assistance	801/297-7575
General Information/Taxpayer Assistance	801/297-2200
Outside the Salt Lake area	1-800/662-4335
TDD	801/297-3819

DEFINITION OF TERMS

USTC - Utah State Tax Commission

IRS - Internal Revenue Service

ERO - Electronic Return Originator

Categories of Electronic Filers:

1. ERO - A firm, organization, or individual who deals directly with a taxpayer who appears before them, and who:
 - a. prepares a Utah tax return for the purpose of having an electronic return produced; or, collects a prepared tax return for the purpose of having an electronic return produced; and,
 - b. obtains the taxpayer's signature on Form TC-8453, Individual Income Tax Declaration For Electronic Filing or IRS Form 8879, IRS e-file Signature Authorization.
2. Transmitter - A firm, organization, or individual who transmits electronic returns directly to the IRS for subsequent retrieval by the USTC.
3. Software Developer - A firm, organization, or individual who designs computer software for the purpose of:
 - a. formatting Utah returns according to USTC specifications; and/or,
 - b. electronically transmitting returns directly to the IRS for subsequent retrieval by the USTC.

Types of Electronic Filers:

An Electronic Filer can be one or a combination of more than one of the categories defined above. The categories are geared to the specific functions performed as they relate directly to the taxpayer, the IRS, or to the USTC. An electronic filer can be one or more of the following business types:

- a. Preparer - Fills in the Utah return and computes the tax based upon information provided by the taxpayer. The taxpayer must personally appear before the Preparer.
- b. Preparer/Transmitter - Fills in the Utah return, computes the tax based upon information provided by the taxpayer, and transmits the return directly to the IRS for subsequent retrieval by the USTC.
- c. Software Developer - Designs computer software that is either sold or used by them for purpose of formatting and/or transmitting electronic returns directly to the IRS for subsequent retrieval by the USTC.
- d. Service Bureau - Takes Utah tax returns from accepted electronic filers and formats electronic returns, but does not collect returns directly from taxpayers nor transmit returns directly to the IRS.
- e. Service Bureau/Transmitter - Takes Utah returns from accepted electronic filers, formats electronic returns, and transmits them directly to the IRS for subsequent retrieval by the USTC.

- f. Transmitter - Provides transmission services directly to the IRS. May also take Utah returns from accepted EROs and transmit them directly to the IRS for subsequent retrieval by the USTC.
- g. Electronic Return Collector - Takes prepared Utah returns directly from taxpayers for the purpose of having electronic tax returns produced. An Electronic Return Collector may be a for-profit, or a not-for-profit organization in the private or public sector that chooses to provide electronic filing services; e.g., employers providing a service to their employees.

Ways to Participate in Electronic Filing:

1. Electronic filers may choose to perform all of the functions associated with electronic filing and be EROs, transmitters, and software developers; or, they may choose to use the services of another accepted electronic filer (third party). For example:
 - a. An ERO can be a preparer who prepares the tax return, or an electronic return collector who only takes prepared returns for the purpose of having electronic returns produced...
 - b. An ERO can develop software to format return records to conform with IRS/USTC specifications (Software Developer), or purchase software which performs this function, or use a service bureau which will key enter prepared returns and format them to USTC specifications...
 - c. An ERO can write the software to transmit the formatted returns directly to the IRS (software developer) for subsequent retrieval by the USTC, or purchase software to do the transmission (transmitter), or use a third party transmission service to do the transmissions to the IRS.
2. The ways of doing business govern how an individual or organization would complete the application to participate in electronic filing. Entries on the application indicate the types of information and publications the applicant will need. The functions to be performed by the applicant will determine whether testing with the IRS will be required, what types of tests are needed, and what responsibilities are assumed by the electronic filer. For additional information on these and other definitions, see the list of publications appearing on Page 21 of this document.

CHAPTER 1 FEDERAL / STATE ELECTRONIC FILING

How Filing Works

Utah taxpayers may arrange with an IRS and USTC approved ERO to file electronically certain Utah individual income tax refund, balance due or zero balance returns (see Chapter 4) along with their federal tax return. EROs and transmitters that are accepted into the IRS electronic filing program (as limited below) will be able to participate in the filing program and file both the federal and the state returns in one transmission to the IRS's Austin Service Center.

The IRS will acknowledge receipt of the federal/state return (to the transmitter). The USTC will access the IRS system and retrieve the Utah portion of the electronic return; and, that data will then be introduced into the USTC's processing system. The USTC will also acknowledge receipt of the state electronic return to the transmitter. The transmitter should expect to receive USTC acknowledgement within three working days from the time acknowledgement is received from the IRS.

Who May Participate

During 2004, for tax year 2003 returns, the Federal/State Electronic Filing Program will be offered to Utah individual income taxpayers who file full-year resident refund, balance due or zero balance returns. The USTC will also accept both part-year and non-resident tax returns. The desire of the USTC is to offer a more automated system for income tax filing to all Utah taxpayers. It is expected that this program will continue to be expanded in coming years to include all practitioner/preparers and all taxpayers throughout the state of Utah who qualify with the IRS for participation in the electronic filing program.

CHAPTER 2 APPLICATION FOR PARTICIPATION

Practitioners interested in submitting Utah individual income tax returns through the electronic filing program must apply to the IRS by submitting Form 8633, "Application to Participate in the Electronic Filing Program". A copy of this form, completed and signed by the applicant, must also be sent to the USTC. Upon being assigned an Electronic Filing Identification Number (EFIN) and/or Electronic Transmitter Identification Number (ETIN) by the IRS, the applicant must notify the USTC of the number(s) assigned. Notices should be forwarded as follows:

1. Submit a copy of the federal Form 8633 to:

Utah State Tax Commission
Electronic Filing Section
210 North 1950 West
Salt Lake City, UT 84134-0210

Obtain form 8633 from the IRS

2. Upon receipt of federal acceptance information the applicant must notify the USTC, in writing, with the following information:

Name of Firm
Complete Address of Firm including telephone number and fax number if available
EFIN assigned by the IRS
ETIN assigned by the IRS
Software Vendor
Transmitter Used (if not a direct transmitter)
StAck Mailbox Number to which Utah Acknowledgements are to be sent

Send this information to the address shown in paragraph 1. above.

Federal Publication 1345 specifies the application process and requirements for participation in the federal electronic filing program. The IRS's definition of the electronic return originator, transmitter, and software developer apply for Utah electronic filing purposes under the program.

Failure to provide the USTC with a copy of the completed and signed Form 8633 or IRS Form 8879, failure to notify the USTC of IRS acceptance or rejection from the program, failure to notify the USTC of the software proposed for use, or, failure to notify the USTC of the Transmitter StAck mailbox number, may preclude that transmitter from participating in the state electronic filing program.

CHAPTER 3 ACCEPTANCE PROCESS

The USTC will recognize and draw upon the IRS federal acceptance process for the 2003 tax period. Only those EROs, software developers, and transmitters who have been accepted by the IRS for participation in the tax year 2003 electronic filing program shall be eligible to participate in the IRS/Utah electronic filing program. However, further testing and acceptance with the USTC is required before Utah electronically filed returns can be accepted.

EFIN, ETIN

The EFIN, ETIN will be assigned by the IRS through the Andover Service Center. The USTC will use these numbers in the filing program.

StAck Mailbox Number

StAck will assign a mailbox number to which the USTC will direct acknowledgement of receipt of electronic returns submitted by that Transmitter. The Transmitter must notify the USTC of the mailbox assigned. This may be provided through your software supplier.

Utah Data Test

While all participants in the Utah program must first have followed the IRS testing procedures and been accepted into the electronic filing program, Software Developers are further required to test their software with Utah test data. Only software from an IRS approved and accepted Software Developer that has also been tested and approved by the USTC shall be used by EROs and Transmitters for the electronic submission of Utah returns. Any returns submitted with unapproved software will be automatically rejected.

When a Software Developer's test returns have been accepted by the IRS, the USTC will retrieve the Utah return test data from the IRS for testing. Software Developers in the program will receive test materials and instructions to perform the Utah testing.

The latest start date for testing federal returns in the electronic filing program is December 31, 2003. Where testing with the IRS has begun, testing with the USTC can begin and/or continue after this date, with approval from the USTC.

CHAPTER 4 UTAH PORTION OF THE ELECTRONIC RETURN

The Utah portion of an electronic return will consist of data transmitted electronically with Federal PIN information supporting paper documents which will be retained by the ERO or the taxpayer for a period of 3 years. A properly completed and formatted electronic record and pin information must be received by the USTC in order for an electronically submitted tax return to be considered complete and processable.

Electronic Portion of An Electronically Filed Utah Return:

The following forms, statements and schedules may be transmitted electronically:

TC-40 Individual Income Tax Return, Resident Form
including TC-40A, TC-40B and/or TC-40C.

Federal self-select pin information

An electronically submitted Utah return must include all required information fields including all W-2, W-2G, TC-675R, TC-675H, 1099R and 1099G forms with Utah withholding information.

When do I need to mail the TC-8453 to the USTC?

If an electronic signature (PIN) was used on the federal return and no Utah State paper/signature document forms are in the state return, Form TC-8453 should **NOT** be submitted to USTC. Please retain this information in your files for three years.

If an electronic signature (PIN) was used on the federal return and paper/signature documents are included in the state return, you **WILL** need to retain all documents for a period of three years.

If you did not use the electronic signature (PIN) on the federal return, you **WILL** need to mail form TC-8453 to the USTC if the state form TC-40 is sent as a "State Only" return.

NOTE: You do **NOT** need to attach W-2s, W-2Gs, 1099Rs or 1099Gs to the TC-8453 this year. They should be retained by you for a period of three years.

Non-Electronic Portion of An Electronically Filed Utah Return:

The non-electronic portion of the Utah return shall include the following paper documents:

1. TC-8453, Individual Income Tax Transmittal for Electronic Filing for each electronic return that is transmitted as a "State Only" return.
2. State copies of all Forms TC-675R (or Federal Schedule F or K-1) which would normally be attached to the paper return.
3. Supporting schedules and documents requiring original signatures and/or certification. Examples include:
 - a. Utah form TC-40D, Disabled Exemption Verification, for each exemption claimed on Line 2d of the return;

- b. Utah form TC-40E, Renewable Energy Systems, for credit claimed on TC-40, line 20 code 03;
 - c. Utah form TC-40V, Clean Fuel Vehicle Tax Credit, for Clean Fuel Vehicle Tax credit claimed on TC-40, line 20 code 05;
 - d. Utah forms TC-40TCAC and TC-40LI, Low Income Housing Credit, for credit claimed on TC-40, line 20 code 08;
 - e. Utah form TC-40HD, Credit for Employers Who Hire Disabled Persons, for credit claimed on TC-40, line 20 code 09;
 - f. Utah form TC-40R, Recycling Market Development Zone Tax Credit, for credit claimed on TC-40, line 20 code 10;
 - g. Full explanation for any amount claimed on TC-40 line 13;
 - h. A signed copy of other state's income tax return for which credit is claimed on TC-40 line 19.
4. In the case of the TC-40D, E, V, TCAC, LI, HD and R forms, the transmitter must verify that the above mentioned forms have the proper signatures and approvals of the respective agencies involved **BEFORE** credit is allowed on the individual electronically filed return. These forms **MUST** be retained by ERO or taxpayer for a period of three years.

Completing the Utah Tax Forms

Instructions for entering the data required to complete the Utah tax forms will vary from one computer program to another. However, all Utah tax forms must be completed in accordance with the instructions published by the USTC for the particular form in question. See TC-40 Form booklet and the front side of the official TC-8453 form for instructions specific to these forms.

Exclusions From Electronic Filing

IRS Publication 1345 lists several circumstances which preclude the federal return from being filed electronically. This year, a Utah return can be filed electronically without a federal return. In addition, the following circumstances preclude electronic filing of the Utah return:

Amended returns

Returns for any tax period other than calendar year January 1, 2003 to December 31, 2003

Corrected returns

Credit for taxes paid to more than one additional state (multiple TC-40A's).

CHAPTER 5

TRANSMITTING THE UTAH ELECTRONIC RETURN

Since the Utah electronic return usually will be transmitted with the federal return to the IRS before it is transmitted to the USTC, the Transmitter must follow all electronic transmitting procedures, communication requirements, and technical specifications set forth by the IRS in their Publications 1345 and 1346.

Participants in the electronic filing program should confirm with their Software Developer or direct Transmitter that their software has been programmed to process and transmit the Utah data with the federal data to the IRS Austin Service Center; and, that this software has been further tested and approved by the USTC for use in the Utah electronic filing program. Software that does not transmit returns to the IRS Austin Service Center, or that has not been tested and approved by the USTC, may not be used to submit Utah returns electronically.

ERO/Transmitter Certification

By transmitting the electronic portion of the Utah return, the electronic filer is certifying that Federal pin information or the TC-8453 has been completed and signed in accordance with USTC instructions; that the official descriptions of all entries of the electronic return apply; that the original and signed copy of the TC-8453 and all other required documents are on file pending notice of acceptance from USTC; and, that for each Utah return submitted electronically, easily readable copies of all documents required for that return are and will be maintained on file.

IRS Acknowledgement

For each electronic return submitted, the IRS will transmit an acknowledgment record back to the Transmitter indicating receipt of the data, either acceptance or rejection of the return for processing, and identification of any error conditions found.

If the IRS rejects a federal return due to errors, the accompanying Utah return will also be rejected. If the IRS rejects a Utah return due to errors, the federal return will also be rejected (see "Reject Codes" below in this Chapter). Form 8453, U.S. Individual Income Tax Declaration for Electronic Filing, informs federal taxpayers that their returns may be rejected due to errors on their Utah records, which may delay their federal refund. Form TC-8453, Utah State Tax Commission Individual Income Tax Transmittal for Electronic Filing, informs Utah taxpayers that their returns may be rejected due to errors on their federal records, which may delay their Utah refund. If the error is one that can be corrected by the Transmitter, both return records may be re-transmitted to the IRS. If the Utah return transmission cannot be corrected, the filer has the option of re-transmitting the federal return data and filing the Utah return on paper.

Repeated rejection of electronically transmitted returns may cause the IRS to rescind the electronic filing privileges of an electronic filer of Utah returns.

Utah Acknowledgement

Utah electronic returns that are prepared by software that has not been tested and approved by the USTC and returns that are transmitted by software that has not been authorized by the USTC will be rejected.

For each Utah electronic return retrieved from the IRS, the USTC will send an acknowledgement back to the Transmitter, either accepting or rejecting that return for introduction into the USTC processing system. The Transmitter and the ERO (if the Transmitter is a third party) must communicate the following obligations to the taxpayer within 24-hours of receipt of acknowledgement from the USTC, regardless of whether the return is accepted or rejected. These obligations are explained below.

Acceptance means that the return data has been retrieved from the IRS by the USTC; that it has been screened upon initial retrieval; and that it will be introduced into the USTC processing system. Transmitters and EROs should be aware that screening and introduction does not necessarily mean that the return data is error free or that it will actually process through the Utah system.

Reject Codes

Errors Detected By the IRS:

Should an error be detected by the IRS in any part of the joint return, both the federal and the Utah return will be rejected. The reject codes listed in IRS Publications 1345 and 1346 will be used by the IRS to identify the various error conditions on the joint return.

Errors Detected at the Utah State Tax Commission:

General editing and validity checks will be performed by the USTC upon retrieving a Utah electronic return. If the return data cannot be read or if an error is detected, acknowledgement will be sent to the Transmitter that the return cannot be introduced into the Utah processing system and is therefore rejected. Where possible, a code indicating the error will be transmitted along with that rejection.

If the electronic return is accepted for introduction to the USTC processing system, additional in-depth checks will be performed by that processing system. Returns found to have errors such as duplicate returns, duplicate Social Security Numbers, computation errors, debt offsets on refunds, etc., will be managed through regular error resolution methods. Where an error is detected by the USTC processing system, the USTC will communicate directly with the taxpayer. The Transmitter will receive acknowledgement of original receipt of the return data and where possible, preliminary indication of any error(s) detected. However the transmitter will not receive additional information relative to the error conditions or the status of any return that is accepted for processing.

The Utah Acknowledgement System

The USTC will participate in a State Acknowledgement System that was designed and developed by a committee of the Federation of Tax Administrators. StAck maintains and operates this State Acknowledgement System. Through this system, state acknowledgements may be retrieved electronically.

Each direct transmitter to the IRS of Utah returns must establish a mailbox with StAck. The transmitter

will be assigned by StAck, a mailbox number, for use as its mailbox identification number. Upon receiving an electronically filed return from a qualified transmitter, the USTC will transmit an acknowledgement of receipt back to this mailbox number. Therefore, acknowledgement records retrieved by the Transmitters from the StAck network may contain acknowledgements from any or all of the participating states.

Establishing a Mailbox with StAck:

In 1999, a new service provider was selected to support the Centralized State Acknowledgement System (StAck). Program participants that are required to access the centralized state acknowledgement to retrieve their state acknowledgements will be required to register with this service provider. You should be aware that there will be a nominal fee charged by the service provider for use of the Centralized State Acknowledgement System. This fee is currently \$50.00 per year.

You will most likely be required to register with the service provider unless your software provider accesses this system on your behalf. You should refer to your software provider's instructions for additional information regarding your responsibilities for accessing and retrieving state acknowledgements.

The Utah acknowledgement file should be available to the Transmitter in his StAck mailbox within three working days from the time the Transmitter receives the federal acknowledgement from the IRS. Transmitters who transmit for EROs must notify the ERO at the time of receipt of the Utah acknowledgement.

How to register:

You can call the Centralized State Acknowledgement System (StAck) Help Desk at 828-349-5750 to request an application. Then mail it (or fax it to 828-349-5745). You may also register with the service provider through www.state-ack.net.

CHAPTER 6 FORM TC-8453

A Federal Pin or a Utah form TC-8453, if a "State Only" return is being filed, must be completed if necessary, signed by the taxpayer(s), and kept on file for three years before a return can be considered as filed. A copy of the Utah TC-8453 is included in the Appendix of this document. All necessary sections of this form must be completed and signed in accordance with the following instructions.

Instructions For Completing the Form TC-8453 if required:

IRS DCN:

Enter the Declaration Control Number (DCN) assigned to the federal return for this taxpayer in the appropriate boxes at the top right hand corner of the TC-8453.

Part I - Declaration of Taxpayer:

After the Utah return has been prepared and before it is transmitted electronically, the taxpayer (and spouse, if married filing a joint return) must sign and date the TC-8453 if it is a "State Only" return that is being transmitted. A taxpayer may not sign a blank TC-8453. The ERO/Transmitter must provide the taxpayer with a legible copy of both the completed Utah return and the TC-8453, including copies of all supporting documents required.

Attachments to the TC-8453:

The "hard-copy" documents listed in Chapter 4 for the "Non-Electronic Portion of an Electronically Filed Utah Return" must be maintained by the ERO or taxpayer for three years.

Processing and Mailing the TC-8453:

After the TC-8453 has been completed and signed by the taxpayer if necessary, the ERO will send the electronic portion of both the federal and the Utah returns to the IRS in accordance with the IRS and Utah file specifications. The TC-8453 and associated documents are to be retained by the Transmitter (or by the ERO, where the transmitter is a third party) for a period of three years.

Every Utah return submitted electronically by a qualified transmitter will be acknowledged. This acknowledgement will provide notice to the Transmitter that the USTC has either "accepted" or "rejected" the return for processing. If accepted and if necessary, the completed and signed original TC-8453, together with all of the required statements, schedules and forms, must be forwarded to the USTC no later than the next working day. Third-party Transmitters must notify the ERO no later than the next workday after receiving the USTC acknowledgement of acceptance. These deadlines coincide with the IRS deadline for mailing the federal Form 8453. A rejected return should be corrected and re-submitted as a "State Only" return.

The TC-8453, in the case of a "State Only" return, should be forwarded to:

Utah State Tax Commission
Electronic Filing Section
210 North 1950 West
Salt Lake City, UT 84134-0210

In light of the similarities between the federal form 8453 and the Utah form TC-8453 and the original documents which much accompany each, care must be exercised to ensure that the federal form is not mailed to the USTC, and the Utah form is not mailed to the IRS.

A readable copy of the prepared return, including the signed TC-8453 and all supporting documents must be provided to the taxpayer at the time the TC-8453 is signed. This copy of the return is for the taxpayer's records. The Transmitter (or the ERO where the Transmitter is a third party) must maintain readable file copies of all required documents for each Utah return submitted electronically.

Non-Receipt of Utah Acknowledgement:

If acknowledgement of an electronically submitted Utah return has not been received from the USTC within five workdays after submitting the return, the Transmitter may inquire about the status of that return by contacting the USTC at (801) 297-7575, or 1-800-662-4335, if outside the Salt Lake area.

CHAPTER 7 DIRECT DEPOSIT

The USTC started to issue state refund payments by direct deposit to a taxpayer's financial institution for the 1999 tax period. Direct deposits will be continued for the 2003 tax period. Now, refunds may be issued in the form of a check, by direct deposit to a taxpayer's checking or savings account, or the taxpayer may choose to have part or all of his refund applied to his year 2004 estimated tax (see the "Apply my Refund" line 35 of the TC-40).

CHAPTER 8 DELAYS AND PROBLEMS

Although the USTC does not anticipate problems with the Federal/State electronic filing system. Participants in the program should be aware that problems may occur from time to time, which may delay refund checks. Taxpayers may confirm that their Utah return has been transmitted to the USTC by checking with their ERO or Transmitter. The taxpayer should allow at least four weeks from the date the return was acknowledged to the Transmitter before contacting the USTC to inquire about the status of a refund check.

USTC Tax Helpline - Information:

Electronic Filing System -

1-801-297-7575

Refund Information -

1-801-297-2200, or 1-800-662-4335, if outside of the Salt Lake area (The taxpayer will be asked for his social security number and the amount of refund shown on the face of the return). Taxpayers are advised to wait at least four weeks after the return is acknowledged before inquiring about a refund.

Other Inquiries -

1-801-297-2200 or 1-800-662-4335, if outside of the Salt Lake calling area.

CHAPTER 9 BALANCE DUE RETURNS

The USTC will accept the transmission of a Utah return with a balance due amount for the 2003 tax year. Taxpayers with a refund, zero balance, or balance due on their federal or state return in any combination, may file both returns through the Federal/State electronic filing program.

CHAPTER 10

INFORMATION ELECTRONIC FILERS MUST PROVIDE TO THE TAXPAYER

EROs must furnish taxpayers with accurate and legible copies of all completed forms, schedules, statements, etc., filed with the USTC on behalf of the taxpayer. These documents must be provided at the time the taxpayer signs the completed TC-8453 or IRS Form 8879. An accurate and legible copy of the completed and signed TC-8453 must also be furnished to the taxpayer.

Generally, the taxpayer's refund check will be mailed directly to the taxpayer within three weeks after an electronic return and associated TC-8453 have been received by the USTC. The USTC cannot guarantee a specific date for the receipt of a refund check. This is the fifth year that direct deposits are being allowed. It usually cuts the time by a third for the refunds to be in the taxpayer's account in his financial institution.

If a jointly filed federal/Utah return is acknowledged but is not accepted by the IRS, the ERO must immediately inform the taxpayer that the Utah return has not been filed. If for any reason the Utah return cannot be transmitted, the taxpayer must file a paper Utah return.

CHAPTER 11 RESPONSIBILITIES OF ELECTRONIC FILERS/TRANSMITTERS/EROs

In order to continue to participate in the electronic filing program, Electronic Filers, Transmitters, and EROs must maintain a high degree of integrity, compliance, and accuracy. In addition, they must also abide by the following:

Compliance:

All participants in the Electronic Filing System must comply with the requirements and specifications set forth in the IRS Publications 1345, 1346, 1683, and in this *Utah Handbook For Electronic Filers*.

Timeliness/Deadline For Filing:

Transmitters must ensure that electronic returns are timely filed. The date of the IRS acknowledgement will be considered the filing date for a Utah return filed electronically. Utah returns which are transmitted to the IRS Austin Service Center through April 15, 2004 will be considered timely filed. Taxpayers who qualify for an extension of time to file their Utah returns may file electronically through October 15, 2004.

Changes to the Returns:

Electronically filed returns may not be changed electronically once submitted. If changes are needed after an electronic return is filed, the taxpayer must file an amended return through the paper document filing process.

After Acknowledgement of the Utah Return:

A Utah acknowledgement indicates that a return has been received electronically by the USTC; and, if accepted, will be introduced to the USTC system for processing. Upon receipt of a Utah acknowledgement, the Transmitter (or the ERO if the Transmitter is a third party) is required to notify the taxpayer within one working day that the return has been received by the USTC. If the return is accepted, the Transmitter (or ERO if the Transmitter is a third party) must keep on file for three years the completed and signed TC-8453, or Federal 8453, if the Federal Pin is not used, together with all other required documents. If the return is rejected, the Transmitter (or ERO if the Transmitter is a third party) must return the TC-8453 and all original documents to the taxpayer, together with an explanation of the taxpayer's responsibility to file a paper return within the normal deadlines required to file a return. (See page 9)

Preparers/EROs/Transmitters may not inquire about a tax return without having a power-of-attorney on file with the Tax Commission. The taxpayer may inquire about his tax return; but, should be advised to wait at least four weeks from the date the electronic return was accepted by the USTC before initiating such inquiry.

Questions from the USTC concerning any return with errors will be directed to the taxpayer or his authorized power-of-attorney.

CHAPTER 12 PENALTIES

Electronic filing of a Utah individual income tax return in no way modifies or changes the applicable penalties required by the Utah tax code. Please refer to the penalty explanations in the TC-40 booklet or the Utah Code Annotated, Title 59, Chapters 1 and 10.

CHAPTER 13 ADVERTISING STANDARDS

Guidelines in IRS Publication 1345, Chapter 13 and Revenue Procedure 91-69, Sec. 12, .01 through .03 and .05 through .09 must be followed for Utah Federal/State electronic filing, as though references to Internal Revenue Service and Service were references to Utah State Tax Commission, State of Utah, or the State and references to FMS or Treasury Seals were references to the State of Utah Seal.

CHAPTER 14 MONITORING AND SUSPENSION OF AN ELECTRONIC FILER

The USTC will monitor Electronic Filers for conformity with these and other published rules, specifications, and procedures. Participants who do not conform are subject to suspension from the Utah electronic filing program. Participants who are suspended from the IRS program for any reason are automatically suspended from the Utah program.

CHAPTER 15 ADMINISTRATIVE REVIEW PROCESS

Applicants who have been denied participation in the Utah electronic filing program, or participants who have been suspended from the program, have the right of administrative review.

Appeals for administrative review must be received by the appropriate authority within 30-days from the date of denial or the date of suspension. A copy of the appellant's application for participation, and a copy of the denial or suspension letter, must be attached.

Requests for Administrative Review should be faxed to 801/297-3899, or mailed to:

Director,
Processing Division
Utah State Tax Commission
210 North 1950 West
Salt Lake City, UT 84134

PUBLICATIONS

The following publications provide additional in-depth descriptions of the process of electronic filing of federal and state individual income tax returns. That process shall be conducted in accordance with the contents of these publications:

INTERNAL REVENUE SERVICE:

Publication 1345, *Handbook for Electronic Filers of Individual Income Tax Returns*
(Tax Year 2003)

Publication 1346, *Electronic Return File Specifications and Record Layouts for Individual Income Tax Returns* (Tax Year 2003)

Publication 1436, *Test Package for Electronic Filing of Individual Income Tax Returns*
(Tax Year 2003)

UTAH STATE TAX COMMISSION:

Utah Handbook for Electronic Filers of Individual Income Tax Returns (Tax Year 2003)

State of Utah Federal / State Electronic Filing System for Individual Income Tax Returns
Records Layout and File Specifications (Tax Year 2003)

Utah State Tax Commission Test Package (Tax Year 2003)

State of Utah - Tax Commission
Guidelines For Using Copied and Substitute Tax Forms